

Crater Exploration, Inc.

~~1624 South Pioneer Road~~ 495 E. 4500 S., Suite 101F
Salt Lake City, Utah ~~84104~~ 84107
(801) ~~972-0660~~ 265-2087

18207 East McDermott, Unit K
Irvine, California 92714
(714) 863-1666

RECEIVED

DEC 26 1985

DIVISION OF OIL
GAS & MINING

December 23, 1985

FILE COPY

CERTIFIED LETTER

The Honorable Norman H. Bangerter
Governor of the State of Utah
State Capitol Building, Room 210
Salt Lake City, Utah 84114

Dear Sir:

I represent Crater Exploration, Inc., a mining company engaged in placer mining.

We started our mining operations in the State of Utah in 1983 and tried to comply with all regulations to satisfy the requirements for such an operation. One of the requirements was to post a reclamation bond in the amount of \$9,680.00 in the form of an irrevocable letter of credit.

Let me explain the source of the circumstances.

The operation took place on privately owned property. The ground was mostly covered with weedy type plants prevalent in that area which is located next to the Colorado River in Grand County, approximately 32 miles Northeast from Moab on State Highway 128.

The operation was ceased in December 1983 because of insufficient values. We filled in all excavations and graded the disturbed areas. The owners of the property were satisfied with the reclamation.

In the mining permit it was stipulated that the owners would want to use the area for agricultural purposes. But this very area that was occupied by our operation has been flooded and considerable erosion has taken place during the last two spring run offs. This has prompted the landowners to change their mind about that small area of our previous operation and they have decided not to include this parcel of land in their agricultural pursuits. They also stated in a letter (see enclosure) that they did not care for us to plant grasses or any other crops simply for the purpose of reclamation and they have permitted this small area of approximately five acres to revert back to its original uncultivated state. This is the owners decision.

RECEIVED

DEC 28 1988

U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

FILE COPY

The Honorable Norman H. Bangerter
December 23, 1985
Page 2 of 3

We have since applied to the division of Oil, Gas and Mining for release of the large part of that bond because the funds are sorely needed elsewhere. Ms. Linner, a Reclamation Biologist and Permit Supervisor has categorically refused to release any portion of the bond because we have not planted any specific thing there.

When I approached Ms. Linner by asking if one would always have to follow the book or if some common sense could be substituted she arrogantly retorted: "We don't have any brains here; we just follow the book!"

Has our State gone so socialistic under government control that a landowner can no longer decide what he wants to do on his own property? Why does our State pay these high salaries to college graduates from out of state if all they can do is read a book? Why not hire a high school graduate at minimum wages to read the book and follow the letter? I was under the impression that the spirit of the law supersedes the letter or else why have supposedly trained decision makers with high salaries? Are all the staff members in the D. O. G. M. affected with the same tunnel vision from which all socialistic governments suffer? Are these public employees in the State of Utah the masters of the people, and not as the constitution intended, its servants? May I suggest that their employees be properly instructed concerning their responsibilities in their jobs supported by the taxpayer or else seek employment elsewhere. Or is it that, after working for the State, they are no longer able to survive in a competitive market?

I have had dealings with permits in other states, notably Arizona, New Mexico and Nevada. I have found them to be much more reasonable and cooperative than the employees of this State. Their decisions were based on the premise that they needed industry and labor opportunities in their states and therefore were able to look not only at their side of the problem but the operator's as well. Case in point: When we applied for permission to use dispersants and flocculents in our placer operation we were forced into a \$25,000.00 pond lining expense by the statement of the Assistant Director of the Division of the Water Pollution Control Board who, after reading the chemical designation of the products to be used, exclaimed: "Gee, these names sure sound bad." Apparently he did not know that these products were totally biodegradable, less harmful than soap, did not appear on any of the EPA hazardous materials lists and were to be used in concentrations of less than 5 ppm. even after having been informed of these facts! When this same information was submitted to other states we had their permission within days to use

The Honorable Norman H. Bangerter
December 23, 1985
Page 3 of 3

these products without reservation on their part about lined ponds. I wonder if men like Steve McNeal and his Supervisors won't take Vitamin A, for instance, because the chemical name sounds so bad! It would appear that we have people in responsible places making decisions in fields in which they are not qualified.

If you are still wondering why the mining industry in the State of Utah is dying I could cite more examples of incompetence and bureaucracy which are beleaguering this government. It is this kind of bureaucratic harassment that has prompted Crater Exploration, Inc. to move their operations out of this State and it is highly unlikely that they will ever return. We are not rapers of the environment but are just as concerned over the effects of our operations on the precious environment as you seem to be. But the regulatory strangulation encountered in this State far exceeds that of the BLM with whom we have and have had very cooperative relations in other states.

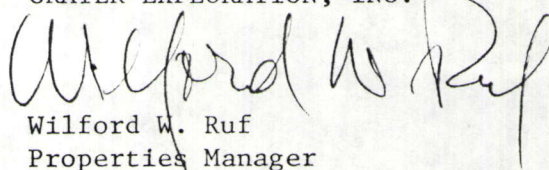
I therefore, respectfully submit that our request for bond release be re-examined at the next D. O. G. M. Board Meeting and approved without delay so we can proceed with the running of our business according to prudent management practices.

My father, Walter Ruf, from Switzerland, has had dealings with the Bangerter family for some time and in the past in the field of geneology and he has held them up to me as people who are straight forward, great Americans, and people who will not compromise principle for policies or anything else. Hense this appeal to you for redress of wrongs committed by employees of this great State who are afraid to make decisions and are bent on protecting and justifying their jobs by hiding behind books and the letter of the law.

I am anxiously awaiting your favorable response.

Very respectfully yours,

CRATER EXPLORATION, INC.


Wilford W. Ruf
Properties Manager

WWR:kli

Enclosure

cc: Temple A. Reynolds, Executive Director-DOGM
Dianne R. Nielson, Division Director-DOGM
Lorin Pace, Esquire

De Oro Company
Monticello, Utah 84535

16 December, 1985

Crater Exploration, Inc.
495 East 4500 South, Suite 101 F
Murray, Utah 84107

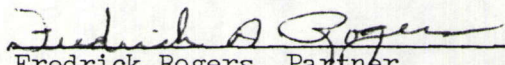
Attn: Wilford Ruf

Dear Wilford:

This is to confirm our telephone conversation of a couple of days ago concerning our Ranch Property at Dewey, Utah known as the Cato Ranch and located in Section 8, T. 23 S., R. 24 E., S.L.B. & M. We are aware that you posted bond for reclaiming the area you worked in 1983.

The area in question is located next to the river and has been severely eroded during the last two spring runoffs and, judging from the snowfall so far this season, could very well continue the same pattern. Because of the high susceptibility to erosion of that part of our property we have no plans to include it in our agricultural pursuits and see no reason for you to plant grasses or any other crop as the same kind of plant growth that was there prior to your operation has already established itself again. We, the De Oro Company, therefore see no reason for your bond to continue resting with the State and recommend that it be released to you presently as we are satisfied with the reclamation that has taken place and have no plans to make any further claims upon your Company regarding this property.

Sincerely,


Fredrick Rogers, Partner
De Oro Company